



**Australian
Competition &
Consumer
Commission**

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14 September 2012

Dear interested party

Hertz Global Holdings - proposed acquisition of Dollar Thrifty Automotive Group

The Australian Competition and Consumer Commission (**ACCC**) is reviewing the proposed acquisition by Hertz Global Holdings (**Hertz**) of Dollar Thrifty Automotive Group (**Dollar Thrifty**) (**proposed acquisition**).

The ACCC is considering the proposed acquisition under section 50 of the *Competition and Consumer Act 2010* (**Act**). Section 50 of the Act prohibits acquisitions that substantially lessen competition in a market, or are likely to do so. The purpose of this letter is to seek your comments on the proposed acquisition.

Background

Hertz is the largest worldwide airport general use car rental brand, operating from approximately 8,650 corporate and licensee locations across approximately 150 countries. In Australia, Hertz is one of the largest providers of passenger vehicle rentals with rental desks at locations across all states and territories.

Dollar Thrifty is a U.S. based car rental brand with approximately 1,575 corporate and franchised locations across approximately 84 countries. Outside of North America, Dollar Thrifty car rental services are offered through an extensive franchise network. In Australia, Dollar Thrifty licenses the 'Thrifty' brand to Kingmill Pty Ltd (**Kingmill**) (a wholly owned subsidiary of NRMA Motoring and Services Group). Under the Thrifty brand, Kingmill provides passenger vehicle rentals in all states and territories of Australia.

The proposed acquisition will result in Hertz acquiring the business that licenses the Thrifty brand to Kingmill. The proposed acquisition will not result in Hertz obtaining any legal or equitable interest in the NRMA Motoring and Services Group.

Request for submissions

The ACCC is seeking comments from interested parties to assist with its review and would welcome any comments that you have in relation to the competition effects of the proposed acquisition. Some questions you may wish to address in your submission are provided in **Attachment A**.

If the information provided is of a confidential nature, you can be assured the details provided by you will be treated confidentially. That is, the ACCC will not disclose the confidential information to the merger parties or other third parties, other than advisors or consultants engaged directly by the ACCC, without first providing you with notice of its

intention to do so, such as where it is compelled to do so by law. Please note that any information provided by you that you believe to be of a confidential nature should be clearly marked or identified as such.

Please provide your response by no later than **4 October 2012**. Responses may be emailed (preferably in PDF format) to mergers@accc.gov.au with the title: Submission re: **Hertz - proposed acquisition of Dollar Thrifty** (attention Nick Cooke).

If you have any queries or would like to discuss a response by telephone, please contact Nick Cooke on (03) 9290 6987.

Updates regarding the ACCC's assessment of this matter will be available on the ACCC's public Mergers Register at www.accc.gov.au/mergersregister.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'Rami Greiss', written in a cursive style.

Rami Greiss
General Manager
Merger Investigations Branch

ATTACHMENT A

Questions for market participants

Background

1. Please describe your business or organisation and any relationship you have with Hertz/Dollar Thrifty in Australia (e.g. customer, competitor etc).

Relevant markets

2. Please comment on geographic nature of competition between providers of passenger vehicle rentals generally (e.g. national, state, local or a combination). In providing a response, please also comment on the extent to which 'off-airport' providers compete with 'on-airport' providers.
3. Please comment on the extent to which the provision of passenger vehicle rentals to commercial customers differs, if at all, from the provision to leisure customers and the relative ease with which a provider can serve both groups of customers.
4. Please comment on the degree of competition that currently exists between Hertz and Dollar Thrifty in the provision of passenger vehicle rentals in Australia. In responding, please comment on the extent of competition between the parties on the basis of:
 - a. price;
 - b. service;
 - c. locations (on and off-airport);
 - d. fleet size and quality;
 - e. corporate customers; and
 - f. leisure customers.
5. Please comment on the extent to which competition between Hertz and Dollar Thrifty in Australia, as addressed in question 4, would be likely to change post-acquisition, if the Thrifty brand were to continue to be operated by Kingmill under license in the foreseeable future.
6. Please comment on the degree of competition that is currently provided by other providers of passenger vehicle rentals in Australia including Avis, Budget, Europcar, Redspot and any other providers you consider significant. In responding, comment on the closeness of competition between these providers and Hertz and Dollar Thrifty respectively.

Barriers to entry/expansion

7. Please comment on the barriers to entry and/or expansion in the provision of passenger vehicle rentals in Australia, including specific reference to:
 - a. supply from 'on-airport' locations;
 - b. supply from 'off-airport' locations;
 - c. supply to corporate customers; and
 - d. supply to leisure customers.

In responding, you may wish to have regard to the following:

- a. the extent of sunk costs or capital requirements;
- b. the existence of any regulatory or legal barriers;
- c. the importance of scale and scope;
- d. any impediments to customers switching between providers.

Other comments

8. Do you consider that the proposed acquisition is likely to provide the merged entity with an ability or incentive to increase prices or profit margins in relation to the provision of any services? If so, please provide supporting reasons.
9. Please provide any other comments or information that you consider may be useful to the ACCC in its assessment of the competitive effects of the proposed acquisition.